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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION

In the Matter of _____

Inter-Carrier Compensation
for ISP-Bound Traffic

CC Docket No. 99-68 /

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

REPLY COMMENTS OF CORECOMM LIMITED

CoreComm Limited ("CoreComm"), by its undersigned counsel, hereby submits its reply comments pursuant to the Notice of Proposed Rulemaking issued February 26, 1999.¹ In its initial comments, CoreComm urged the Commission to adopt rules that would ensure speedy resolution of unresolved disputes regarding inter-carrier compensation for traffic bound for Internet service providers ("ISPs"), and, to the maximum extent possible, provide for uniform treatment of such compensation. As CoreComm noted in its comments, the incumbent local exchange carriers ("ILECs") have demonstrated total intransigence in providing CLECs any compensation at all for the transport and termination of ISP-bound traffic. The comments filed by the ILECs clearly illustrate that their positions have not changed. Therefore, the need for a clear, simple, quickly enforceable rule on the issue is essential for CLECs to be able to establish and implement business plans. As with its initial comments, to ease the Commission's burden in reviewing them,

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¹ *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Inter-Carrier Compensation for ISP-Bound Traffic*, CC Docket Nos. 96-98, 99-68, Declaratory Ruling in CC Docket No. 96-98 and Notice of Proposed Rulemaking in Docket No. 99-68 (rel. Feb. 26, 1999) ("Declaratory Ruling" or "NPRM").

CoreComm's reply comments are provided to the Commission in form of brief statements with bullet headings.

I. THE ILEC COMPENSATION PROPOSALS ARE ANTICOMPETITIVE

- Meet-point billing or revenue sharing of access charges makes no sense when ISPs pay no access charges. The unstated intent of this ILEC proposal is to require CLECs to provide services free of charge to ILECs and ILEC customers.
- Bill-and-keep compensation arrangements were rejected before by the ILECs; fundamental fairness precludes imposing them now on CLECs on a single category of traffic.
- Any compensation system in which it is apparent from the outset that LECs serving ISPs will not be fully compensated must be rejected outright.
 - If CLECs are not compensated for the services they provide to ILECs, CLECs will no longer provide service to ISPs, the ILECs will incur the costs anyway, and ISPs, alone among all classes of subscribers, will be denied competitive choices.
- Because the network functions are identical whether a carrier is providing service to an ISP or to any other end user, the inter-carrier compensation rates should be the same for local exchange traffic and ISP-bound traffic.

II. THE COMMISSION SHOULD ADOPT AN INTER-CARRIER COMPENSATION RULE THAT MINIMIZES SUBSEQUENT LITIGATION

- The ILECs have signaled their intent to challenge any rule for inter-carrier compensation for ISP-bound traffic that requires application of Sections 251 and 252. The Commission should adopt a federal rule pursuant to Section 201.
 - For CoreComm, the existence of a clear rule on the issue of compensation is more important than the statutory authority from which it is derived.

- State commission authority over ISP-bound traffic is already the subject of the appeal of the Declaratory Ruling before the Court of Appeals for the District of Columbia Circuit.
- The Commission should adopt a federal rule that references or adopts previously established state commission decisions on reciprocal compensation.
- If the Commission adopts rules regarding arbitration of the issue, such rules regarding arbitration for ISP-bound traffic are not limited by Sections 251 and 252.
- The Commission should take advantage of two key facts: (1) states share jurisdiction over this jurisdictionally mixed traffic; and (2) the costs of providing service to ISPs are identical for jurisdictionally interstate and jurisdictionally intrastate services.
- Costs are identical because the service between the end user and the ISP are identical for intrastate and interstate Internet communications. The communications involved in an Internet transmission that distinguish interstate communications from intrastate communications (those that follow the hand-off of traffic from the terminating carrier to the ISP) are completely separate from the telecommunications for which inter-carrier compensation is owed.
- State commissions may establish compensation mechanisms for jurisdictionally intrastate ISP-bound traffic. A federal compensation mechanism only needs to mirror the state compensation mechanism because the costs are identical.

CoreComm appreciates the opportunity to participate in this rulemaking proceeding. The issue of inter-carrier compensation for ISP-bound traffic is important not only to CoreComm's operations, but also to the development of local competition in general. The Commission should adopt the clearest, simplest rule possible that ensures CLECs that they will be compensated for providing transport and termination services that ILECs would otherwise be required to provide.

Respectfully submitted,



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Dated: April 27, 1999

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CERTIFICATE OF SERVICE


I, Eric J. Branfman, hereby certify that on this 27th day of April 1999, copies of the foregoing Reply Comments of CoreComm Limited were served by first-class mail, postage prepaid to the following; except as indicated:

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